

## **Exhibit B**



## PHILADELPHIA INSURANCE COMPANIES

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Karen Grocott  
Property Claims Supervisor  
Karen.Grocott@phly.com

April 16, 2020

Crossroads Investments, LLC  
Attn: Ms. Elena Makarov  
1252 Mettler Rd  
Huntington Valley, PA 19006

**Sent via E-mail:** [alenska19006@yahoo.com](mailto:alenska19006@yahoo.com)

RE:	Claim Number:	1360141
	Policy Number:	PHPK2074476
	Reported Date of Loss:	03/15/2020
	Loss Location:	832 Easton Road, Warrington, PA 18976

Dear Ms. Makarov:

The purpose of this letter is to advise that we have completed our investigation into the captioned claim; unfortunately, Philadelphia Indemnity Insurance Company is unable to be of assistance to you regarding this matter.

Philadelphia Indemnity Insurance Company issued a Day Care package policy to Crossroads Investments, LLC under policy number PHPK2074476 with effective dates of 12/16/2019 to 12/16/2020. Please reference the above mentioned claim number on any future correspondence to Philadelphia Indemnity Insurance Company.

On March 31, 2020, we received notice of your COVID-19 loss where you wished to submit a Business Income claim. Pursuant to your conversation with Sr. Claims Examiner, Mr. Steven Juliano, you indicated that the governor had closed day care centers in order to slow the spread of the virus. You indicated that there were no reports of illness by you, your employees or others at your location(s) and there have been no reports of physical damage to your property (ies); nor was there any damage off premises, which triggered your business closing. The impact on your business is due to preventative measures taken by governmental authorities to assist in the effort to mitigate the spread of the coronavirus (Covid-19). Finally, you also conveyed there were no cancelled conference costs to consider.

With the details of the investigation received, we reviewed the coverage afforded under the policy contract which was issued to you by Philadelphia Indemnity Insurance Company. In our review of this contract, we found the following restrictions and/or exclusions within the policy endorsement as follows:

COMMERCIAL PROPERTY  
CP 00 10 10 12

**BUILDING AND PERSONAL PROPERTY  
COVERAGE FORM**

**A. Coverage**

We will pay for direct physical loss or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

COMMERCIAL PROPERTY  
CP 00 30 10 12

**BUSINESS INCOME (AND EXTRA EXPENSE)  
COVERAGE FORM**

**A. Coverage**

**1. Business Income**

Business Income means the:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit Of Insurance is shown in the Declarations:

- (1) Business Income Including "Rental Value".
- (2) Business Income Other Than "Rental Value".
- (3) "Rental Value".

If option (1) above is selected, the term Business Income will include "Rental Value". If option (3) above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit Of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of such

**5. Additional Coverages**

**a. Civil Authority**

In this Additional Coverage, Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

- (1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

- (2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

PI-EPE-DY (01/07)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**ELITE PROPERTY ENHANCEMENT: DAY CARE CENTERS**

This endorsement modifies insurance provided under the following:

**BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
CAUSES OF LOSS- SPECIAL FORM**

**VII. The following is added to the BUILDING AND PERSONAL PROPERTY COVERAGE FORM under Coverage Extensions:**

**D. Business Income and Extra Expense**

1. Coverage is extended to cover "Business Income"/"Extra Expense" incurred when your covered building or business personal property listed on the Declarations is damaged by a Covered Cause of Loss.

We will pay any "Extra Expense" to continue your normal operations:

- a. at the described premises; or
- b. at replacement premises or temporary locations; including:
  - (1) relocation expenses; and
  - (2) costs to equip or operate the replacement or temporary locations; and

We will also pay for any corresponding "Extra Expense" to minimize the suspension of your normal operation if you cannot continue them.

2. We will pay for the actual loss of "Business Income" you sustain and necessary "Extra Expense" caused by action of civil authority that prohibits access to the described premises due to direct physical loss of or damage to property, other than at the described premises, caused by or resulting from any Covered Cause of Loss. The coverage for "Business Income" will begin 72 hours after the time of that action and will apply for a period of up to three consecutive weeks after coverage begins. The coverage for "Extra Expense" will begin immediately after the time of that action and will end: (1) 3 consecutive weeks after the time of that action; or (2) When your "Business Income" coverage ends; whichever comes first.

We must also direct your attention to the advisory which accompanied your policy when issued and the endorsement to which it references and is attached to your policy.

**COMMERCIAL PROPERTY  
CP P 003 07 06**

**EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA  
ADVISORY NOTICE TO POLICYHOLDERS**

This Notice does not form a part of your insurance contract. No coverage is provided by this Notice, nor can it be construed to replace any provisions of your policy (including its endorsements). If there is any conflict between this Notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) shall prevail.

Carefully read your policy, including the endorsements attached to your policy.

This Notice provides information concerning the following new endorsement, which applies to your new or renewal policy being issued by us:

**Exclusion Of Loss Due To Virus Or Bacteria Endorsement CP 01 40 07 06**

This endorsement makes an explicit statement regarding a risk that is not covered under your Commercial Property insurance. It points out that there is no coverage under such insurance for loss or damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease. The exclusion in this endorsement applies to all coverages provided by your Commercial Property insurance, including (if any) property damage and business income coverages.

**COMMERCIAL PROPERTY  
CP 01 40 07 06**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA**

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART  
STANDARD PROPERTY POLICY

- A. The exclusion set forth in Paragraph B. applies to all coverage under all forms and endorsement that comprise this Coverage Part or Policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.
- B. We will not pay for loss or damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.  
However, this exclusion does not apply to loss or damage caused by or resulting from "fungus", wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this Coverage Part or Policy.
- C. With respect to any loss or damage subject to the exclusion in Paragraph B., such exclusion supersedes any exclusion relating to "pollutants".
- D. The following provisions in this Coverage Part or Policy (including those in Massachusetts - Fungi, Wet Rot, Dry rot and Bacteria Exclusion And Limitation Endorsement **CP 10 64** applicable to The Causes of Loss - Special Form if attached to this policy) are hereby amended to remove reference to bacteria:
  - 1. Exclusion of "Fungus", Wet Rot, Dry Rot And Bacteria; and
  - 2. Additional Coverage - Limited Coverage for "Fungus", Wet Rot, Dry Rot And Bacteria, including any endorsement increasing the scope or amount of coverage.
- E. The terms of the exclusion in Paragraph B., or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Part or Policy.

Finally, we refer you to the following policy condition:

**COMMERCIAL PROPERTY CONDITIONS**

**CP 00 90 07 88**

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

**D. LEGAL ACTION AGAINST US**

No one may bring a legal action against us under this Coverage Part unless:

- 1. There has been full compliance with all of the terms of this Coverage Part; and
- 2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

We regret to advise that loss resulting from viruses is specifically excluded. Further, because physical damage by a Covered Cause of Loss did not occur to property, the coverage provided under the Civil Authority provision is not triggered. For these reasons, coverage does not apply, as defined in the contract, as outlined in the investigative details stated above.

Please promptly advise if you believe we have misconstrued any of the facts or circumstances, or if you are aware of any additional facts or circumstances relating to this matter that may impact our position herein.

Nothing in this letter should be construed to waive our rights under the policy(ies) or the law. On the contrary, to the greatest extent permitted by law, all such rights are expressly reserved, including the right to disclaim coverage on additional grounds not set forth in this letter. This coverage analysis is not intended to be exhaustive or exclusive. By mentioning specific grounds that may limit or preclude coverage, Philadelphia Indemnity Insurance Company does not intend to waive any other grounds which may currently exist or exist in the future. We specifically reserve all rights whether arising under the policy(ies), applicable law and / or in equity, including without limitation, the right to supplement this coverage analysis as circumstances warrant.

Having carefully reviewed this matter to conclude that coverage does not apply, we trust your understanding is clear. However, should you disagree with our no coverage position, we request that you notify us in writing of that disagreement along with the reasonable basis for your disagreement, so that we may give this matter prompt reconsideration. Should you need clarification of any issues raised in this letter, and/or have any questions concerning this matter, please feel free to contact the claims examiner, Mr. Steven Juliano, at 609-512-4294.

Sincerely,

*Karen Grocott*

Karen Grocott  
Property Claims Supervisor

cc: Oxford Millin Insurance  
Attn: Christine DiMartino  
25 4<sup>th</sup> Avenue, P. O. Box 5030  
Bay Shore, NY 11706

Sent via email: [ChristineD@oxfordins.com](mailto:ChristineD@oxfordins.com)